



INVITATION FOR OFFER – UNRESTRICTED RIK CRUDE OIL SALE
IFO No. 1435-02-05-RP-25925
Deliveries beginning October 1, 2005

Introduction

The Minerals Management Service (MMS) of the U.S. Department of the Interior is soliciting offers from pre-qualified companies to buy royalty oil and condensate produced from certain Federal leases in the Gulf of Mexico.

This Invitation for Offer (IFO) is for a 6-month term beginning October 1, 2005. Successful offerors will take custody of the royalty oil at the applicable custody transfer point as shown in Exhibit A and are responsible for moving the royalty oil downstream of this point.

Offers must be made in writing and submitted to Richard Fantel via facsimile (303-231-3846) or email (richard.fantel@mms.gov) by 2:00 p.m. MST on July 25, 2005. For packages 65-73, offerors have until 2:00 p.m. MST on July 27, 2005 to submit offers. MMS will confirm receipt of all offers. Royalty oil packages will be awarded by 2:00 p.m. MST on **July 29, 2005**. Address technical questions to Richard Fantel at 303-231-3502; Maggie Miller for contracting questions at 303-231-3932; and Larry Cobb for pre-qualification or credit questions at 303-231-3307.

Offers

Offerors must be pre-qualified to submit offers. Please see the "Pre-qualification and Credit Requirements" section for more information. MMS reserves the right to reject any offer received.

Exhibit A identifies 73 packages of royalty oil. Exhibit B provides further detail on Facility Measurement Point (FMP) operators, pipelines, and custody transfer points. Data in the exhibits is not warranted and offerors are expected to contact the appropriate parties for the most recent information. The royalty volumes shown for each custody transfer point represent the most recent production data available for properties behind the custody transfer point. Other pertinent information such as leases/agreements, operators, and royalty rates will be provided to the successful offeror upon award.

Exhibit A is the offer sheet to be completed and faxed or emailed. Offers must be to the nearest \$0.0001. MMS prefers no more than one award for each package. However, MMS may consider offers on only part of a royalty oil package if favorable to the Government.

Offers on **HLS** packages 1-6 must include multiple offers for a contingency if the barrels need to be treated at the Plains Terminal to lower the sulfur content. These offers must represent the four Plains buy-sell rates as identified for the different sulfur ranges in addition to the traditional offer, as indicated in Exhibit A.

Offers on **HLS** package 22 have two possible custody transfer points (onshore and offshore) and offers may be made for either or both in the appropriate columns of Exhibit A.

Successful offerors for **HLS** packages will be responsible for the Empire exit fee (also known as outbound terminal or pump out fee) and reconsignment fee, when applicable. These fees should not be included in the offer.

Offers on custody transfer point GC 65 A in package 32 may be as any or all crude types **Eugene Island, Mars, and Poseidon**.

Offers on custody transfer point GC 158 in package 33 may be as crude types **Mars** and/or **Poseidon**. Offers on packages 42b (GB 128 A), 43 (GB 426 A), and 44 (SM 205 ssti) may be for crude types **Eugene Island** and/or **Bonito**. Package 42a (GB 128 A) must have an offer for **LLS** as well.

Please see the "Quality" section for more information on how to account for gravity and sulfur in your offer.

Royalty oil from new wells on currently producing properties behind the custody transfer points that commence production during the term of this IFO will be automatically added to the volumes awarded under this IFO. Royalty oil from new properties behind the custody transfer points that commence production during the term of this IFO will be added to the volumes awarded under this IFO on a case-by-case basis pursuant to mutual consent of MMS and successful offerors.

Pricing Mechanism: Offerors must submit offers as an increment or decrement from one or both of the below pricing formulas. However, if you would like to submit an offer based on an alternative pricing formula, please caveat your offer with the alternative pricing formula used and/or call the technical contact listed.

1. (Koch WTI Posting + Platts or Argus P⁺) – (Platts or Argus WTI – Platts or Argus Crude Type)
2. (Calendar NYMEX + Daily Roll) – (Platts or Argus WTI – Platts or Argus Crude Type)

Where: Koch WTI Posting: Koch Supply and Trading's posting for West Texas/New Mexico Intermediate (WTI), deemed 40° API, for the Physical Month of Delivery

Platts or Argus P⁺: Arithmetic average of the daily high and low price quotes for "P-Plus WTI" for the Platts or Argus Month of Delivery

Platts or Argus WTI: The arithmetic average of the daily high and low price quotes for WTI for the Platts or Argus Month of Delivery

Platts or Argus Crude Type: The arithmetic average of the daily high and low price quotes for crude type for Platts or the arithmetic average of the weighted average of Argus Month of Delivery

Platts or Argus Trade Month Average: The arithmetic average of the weighted average of the daily high and low price quotes for the Platts or Argus Month of Delivery

Calendar NYMEX: Arithmetic average of the daily settlement price for the "Light Sweet Crude Oil" front month futures contract reported by the NYMEX during the Physical Month of Delivery (excluding weekends and holidays)

Platts or Argus Month of Delivery: Refers to quotes in Platts Oilgram Price Report or Petroleum Argus Americas Crude Price Report for the period of time from the twenty-sixth day of the month two months prior to the physical month of delivery through the twenty-fifth day of the month one month prior to the Physical Month of Delivery (excluding weekends and holidays)

Physical Month of Delivery: The calendar month when the crude oil is delivered

Daily Roll: $(X - Y).6667 + (X - Z).3333$, where:

X = Average of the daily NYMEX settlement price for the prompt month, trading days only, when the Physical Month of Delivery is the prompt month trading on NYMEX

Y = Average of the daily NYMEX settlement price for the second month during the same period, trading days only

Z = Average of the daily NYMEX settlement price for the third month during the same period, trading days only

For crude type designated as “**SGC**” use crude type “**Mars**”
For crude type designated as “**TXG**” use crude type “**WTI**”

MMS may award a contract on the basis of initial offer(s) received without discussions. Accordingly, each initial offer should be submitted on the most favorable terms that the offeror can submit. However, MMS may negotiate with offerors in the event offers of similar or unanticipated values are received. All information about the origin and value of offers received will remain confidential, except as noted above under “Imbalances” with respect to resolving certain extraordinary imbalances.

The MMS shall award a contract resulting from this IFO to the party whose offer, in MMS’ judgment, is most advantageous to the Federal Government. MMS will award to successful offerors by means of the “MMS Crude Oil Transaction Confirmation.” MMS will attempt to award 100 percent of the volume from a custody transfer point.

Term

Delivery of royalty oil begins October 1, 2005 and ends March 31, 2006.

Quality

For **HLS** packages 1-7, 15, 66, 70, and 71, quality bank costs should not be included in your offer. Successful offerors will pass back to MMS any quality bank debits/credits received.

For **HLS** packages 8-14, 16-21, 65, 67-69, 72, and 73, quality bank debits/credits should be included in your offer. Successful offerors will not pass back to MMS any quality bank debits/credits received.

For **HLS** package 22, quality bank debits/credits should be included in your offer. If the offer is accepted at the offshore custody transfer point successful offerors will not pass back to MMS all quality bank(s) debits/credits received from the quality bank administrator(s). If the offer is accepted at the market center (Empire) the quality bank costs will not be incurred by the successful offeror and therefore should not be reflected in your offer.

For **LLS** packages 23-31 and 42a, quality bank debits/credits should be included in your offer. Successful offerors will not pass back to MMS any quality bank debits/credits received. For package 52, quality bank costs will not be incurred by the successful offeror and therefore should not be reflected in your offer.

For all **Poseidon** and **SGC** packages, quality bank debits/credits should not be included in your offer. If the offer is accepted at the offshore custody transfer point successful offerors will pass back to MMS all quality bank(s) debits/credits received from the quality bank administrator(s). For packages 34c-d, if the offer is accepted at the market center the quality bank costs will not be incurred by the successful offeror and therefore should not be reflected in your offer

For all **Eugene Island** packages; **Bonito** packages 42b, 43, and 44 (flowing down Auger Pipeline); and all **Mars** packages; quality bank debits/credits should not be included in your offer. Successful offerors will pass back to MMS all quality bank(s) debits/credits received from the quality bank administrator(s).

For **Bonito** packages 45-49, quality bank debits/credits should not be included in your offer for any leg flowing down the Bonito Pipeline System as they will be passed back to MMS by the operator. All other quality banks downstream of the Bonito Pipeline System should be included in your offer.

For **HLS** package 53 and **HLS-SB** packages 54-61, offerors will pass back only the first receipt bank at the custody transfer point and therefore this quality bank should not be included in your offer. All other quality banks downstream of the receipt point should be included in your offer.

For **TXG** packages 62-64, quality bank debits/credits should not be included in your offer as they will be passed back to the MMS by the operator.

Successful offerors must net any quality bank credits or debits against the monthly charges for purchased oil. The net payment is due to MMS by the 20th of the month after receipt. All quality bank data must be accompanied by supporting documentation.

The quality information in the Exhibits represents MMS' most recent data for the custody transfer points in the packages offered. Actual quality during the term of this sale may vary. Data provided by MMS is based on the best information available at the time of IFO publishing and is not warranted.

Transporting and Scheduling Royalty Oil

Successful offerors are responsible for transporting all royalty oil volumes downstream of the custody transfer point specified in Exhibit A. Successful offerors must nominate and schedule all volumes awarded through this IFO separately from all other volumes owned or controlled at the custody transfer point where royalty oil is received. When nominating to the pipeline, you are required to indicate that the nomination is for MMS sourced crude oil.

Exhibit C identifies transportation rates MMS has arranged with Marathon Pipeline. For royalty oil volumes associated with packages 1-5, successful offerors, at their discretion, may be designated as MMS' agents for the transportation rates and terms specified in Exhibit C. Offerors must indicate on Exhibit A whether they intend to use these rates.

For royalty volumes associated with packages 39 and 40a, the successful offeror must be designated as MMS' agent under the specified transportation rates and terms.

For package 7, Main Pass Oil Gathering system (MPOG), offers should be given for flow down both Cypress Pipeline and Delta Pipeline. Selected offerors' payment will be based on maximum flow allowable on Cypress Pipeline and the remaining volume on Delta Pipeline. At the time of issuance of this IFO, for shippers wanting to ship down Cypress Pipeline, flow from MPOG at MP 69 was 70 percent down Cypress Pipeline and 30 percent down Delta Pipeline.

Within 10 days of execution of the "MMS Crude Oil Transaction Confirmation" relative to this IFO, successful offerors must request in writing to all pipeline companies moving royalty oil, that MMS royalty volumes be broken out separately from non-MMS volumes. In cases where the pipeline companies are unable to break out the MMS volumes on the pipeline statement, you must provide MMS with acceptable third-party data breaking out the MMS volumes delivered or use a pipeline assigned measurement facilitator. Any charges associated with obtaining this third-party data are the responsibility of the successful offeror.

Successful offerors will provide MMS with pipeline statements and any third-party documentation within 2 days after the documents have been made available to the shipper. Documentation not received by the due date may be purchased by MMS with the successful offeror being billed the associated costs.

Successful offerors, through customary industry practice, will communicate directly with MMS and the FMP operators and will make arrangements to deliver and transfer the royalty oil from the awarded custody transfer points. Successful offerors, at their expense, will make all necessary arrangements to receive royalty oil at the custody transfer point. Successful offerors are not responsible for any transportation costs upstream of the custody transfer point.

No later than 5 calendar days before the first day of each month, the MMS will notify successful offerors of the daily royalty oil volumes anticipated for the following month of production. Successful offerors understand that any such estimates are not warranties of actual deliveries to be made but are provided to facilitate planning the delivery of royalty oil. This process will continue for each month of the term of this IFO.

The operators of the properties behind the custody transfer points offered in this IFO are instructed to use reasonable efforts, consistent with industry practice, to inform MMS and/or successful offerors regarding significant changes in royalty oil production levels and production shut-ins.

The successful offeror's contract may be amended upon mutual consent between MMS and its successful offeror when there is an increase or decrease in tariff-based transportation costs related to the awarded

properties. Contract amendments will not be granted for rate changes in the offeror's buy/sell arrangements, unless extraordinary circumstances exist.

Imbalances

Successful offerors are granted the rights to royalty oil delivered by operators at the custody transfer points indicated in Exhibit A, not the entitlement due the Federal Government.

MMS and the operator will jointly monitor imbalances between deliveries and entitlements. Routine imbalances will be resolved by adjusting the volume of royalty oil delivered to successful offerors in the second month following the month of delivery unless otherwise approved by MMS. MMS will communicate these adjustments to the successful offeror regarding the first of month availability of royalty oil.

Property imbalances not remedied within 90 days of the production month will be resolved by mutual agreement between MMS and the operator. The contract price under this IFO may form the basis of resolving certain extraordinary imbalances between MMS and operators. The rights and responsibilities of operators under RIK oil situations are outlined in MMS' Sample "Dear Operator" letter included as Exhibit D.

MMS is not responsible for pipeline imbalances associated with royalty crude oil.

Confidentiality

Neither MMS or the successful offeror shall disclose directly or indirectly, without the prior written consent of the other party, the terms of any transaction under this IFO to a third-party (other than the employees, lenders, royalty owners, counsel, accountants and other agents of the party, or prospective purchasers of all or substantially all of a party's assets or of any rights under this Contract, provided such persons shall have agreed to keep such terms confidential) except; (i) to comply with any applicable law, order, regulation, or exchange rule, (ii) to the extent necessary to enforce this Contract, (iii) to the extent necessary to implement any transaction, including any transaction as described above in the section "Transporting and Scheduling Royalty Oil", or (iv) to the extent such information is delivered to such third-party for the sole purpose of calculating a published index.

Each party shall notify the other party of any proceeding of which it is aware which may result in disclosing the terms of any transaction (other than as permitted above) and use reasonable efforts to prevent or limit the disclosure. The existence of this Contract is not subject to this confidentiality obligation. The terms of any transaction hereunder shall be kept confidential by the parties hereto for 1 year from the expiration of the transaction.

Pre-qualification and Credit Requirements

Offerors are required to pre-qualify by signing the MMS base contract "RIK Crude Oil General Terms and Conditions" and providing detailed financial information. Pre-qualification information can be found on our web site at <http://www.mrm.mms.gov/RIKweb/Oilprequal.htm>. By submitting an offer, the offeror agrees to be bound by the terms of its signed MMS base contract and this IFO.

Upon pre-qualifying, MMS will issue an amount of unsecured credit based on the creditworthiness of the offeror. In most cases where offerors have submitted their most current financial documentation or such information is available on Edgar Online, no additional information will be required. However, MMS reserves the right to request updated financial information in any situation it deems reasonable and may reissue approved lines of credit. Please be advised that MMS will require a parent guaranty in situations where the company submitting the offer is a different entity than the company that has pre-qualified.

For awards exceeding the amount of unsecured credit issued by MMS, successful offerors will be required to provide secured financial assurance in the form of an Irrevocable Letter of Credit (ILOC), Bond, or other MMS-acceptable surety instrument within 5 business days prior to first delivering oil under the contract. If additional security is required, successful offerors will be notified, and such notice will be included in the sales transaction confirmation.

The ILOC, Bond, or other MMS-acceptable surety instrument must be effective for a period beginning on the date of first delivery under the contract and ending when receipt of final delivery or payment under the contract is verified. Failure to provide adequate financial assurance when requested may result in a loss of award, unless the MMS Contracting Officer extends the date.

See our website at <http://www.mrm.mms.gov/ReportingServices/PDFDocs/4071.pdf> for a sample of the ILOC, MMS Form-4071. For Bonds, go to <http://www.mrm.mms.gov/ReportingServices/PDFDocs/4072.pdf> for MMS Form-4072. The financial institution issuing the ILOC or surety company issuing the Bond must meet MMS requirements under 30 CFR Part 208.11.

The financial assurance amount shall be sufficient to cover the value of 60 days of deliveries of the estimated production of all royalty oil awarded, less the amount of unsecured credit issued by the MMS as previously notified. For new surety instruments, the MMS will contact you regarding the calculation of an estimated amount of surety to be provided prior to initial deliveries. This value must be multiplied by the daily royalty production (estimated in Exhibit A), multiplied by 60 days, and then reduced by the amount of unsecured credit issued by MMS. For continuing surety instruments, we will contact you regarding renewal requirements. The amount of unsecured credit available for this sale is contingent upon the successful offeror's current participation in other RIK sales or exchange programs.

Significant and sustained increases in the value of crude oil during the term of the contract may result in requiring an increase in the amount of financial assurance. Further, should the creditworthiness, financial responsibility, or ability to perform become unsatisfactory to the MMS at any time during the term of this agreement, satisfactory assurances may be required as a condition to further performance under the agreement. Such assurances include, but are not limited to, a prepayment or a surety instrument in a form and amount satisfactory to MMS. Failure to provide additional performance assurances when requested may result in early termination of the contract. Where applicable, an investment-grade rating by Standard and Poor's is required by MMS to maintain creditworthiness.

Governing Contract

This transaction is governed by the MMS base contract "RIK Crude Oil General Terms and Conditions," signed by the offeror and MMS. Conflicts between the MMS base contract and the terms of this IFO will be resolved in favor of this IFO. Only companies who have pre-qualified and signed the MMS base contract may receive a contract.

MMS will send the successful offeror a Transaction Confirmation detailing the award packages. Transaction Confirmations not signed and returned and/or errors noted within 2 business days of receipt of the Transaction Confirmations will be deemed binding on behalf of both parties.

Paperwork Reduction Act of 1995 (PRA) Statement:

The OMB Control Number for this IFO is 1010-0126 with an expiration date of June 30, 2006. The PRA (44 U.S.C. 3501 et seq.) requires us to inform you that we collect this information to document fulfillment of royalty obligations on minerals removed from Federal lands. The MMS uses the information to maintain and audit lease accounts. Responses are voluntary (43 U.S.C. 1334). Proprietary information is protected in accordance with standards established by the Federal Oil and Gas Royalty Management Act of 1982 (30 U.S.C. 1733), the Freedom of Information Act (5 U.S.C. 552(1), (4)), and the Department regulations (43 CFR 2). An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a currently valid OMB Control Number. Public reporting burden for this form is estimated to average 1 hour per response, including the time for reviewing instructions, gathering and maintaining data, and completing and reviewing the form. Direct comments regarding the burden estimate or any other aspect of this form to the Information Collection Clearance Officer, Minerals Management Service, Mail Stop 4230, 1849 C Street, NW, Washington, DC 20240.

4 Exhibits:

Exhibit A – Offer Sheet
Exhibit B – RIK Custody Transfer Point Detail
Exhibit C – Marathon Pipeline LLC Incentive Rates
Exhibit D – Sample Dear Operator Letter

Offer Pkg	Royalty Oil Type	Gulf Coast Market Center	Custody Transfer Point	Volume Metered At	Custody Transfer Point Volume (bbls/day)	Custody Transfer Point API Gravity	Custody Transfer Point Sulfur %	Quality Bank Included in Offer (Y/N)	Koch WTI + Platts P+ basis (offshore delivery point)	NYMEX + Daily Roll basis (offshore delivery point)	Koch WTI + Platts P+ basis (delivery at Market Center)	NYMEX + Daily Roll basis (delivery at Market Center)	Accept MMS' Transportation or Buy/Sell (Yes or No)
1	HLS	Empire	SP 86 C	SP 86 C	40	36.9	N/A	N					
1	HLS	Empire	SP 86 C	SP 86 C	40	36.9	.50-.549	N					
1	HLS	Empire	SP 86 C	SP 86 C	40	36.9	.55-.599	N					
1	HLS	Empire	SP 86 C	SP 86 C	40	36.9	.60-.649	N					
1	HLS	Empire	SP 86 C	SP 86 C	40	36.9	.65-.699	N					
2	HLS	Empire	SP 87 D	SP 87 D	230	37.2	N/A	N					
2	HLS	Empire	SP 87 D	SP 87 D	230	37.2	.50-.549	N					
2	HLS	Empire	SP 87 D	SP 87 D	230	37.2	.55-.599	N					
2	HLS	Empire	SP 87 D	SP 87 D	230	37.2	.60-.649	N					
2	HLS	Empire	SP 87 D	SP 87 D	230	37.2	.65-.699	N					
3	HLS	Empire	SP 89 B	SP 89 B	60	35.3	N/A	N					
3	HLS	Empire	SP 89 B	SP 89 B	60	35.3	.50-.549	N					
3	HLS	Empire	SP 89 B	SP 89 B	60	35.3	.55-.599	N					
3	HLS	Empire	SP 89 B	SP 89 B	60	35.3	.60-.649	N					
3	HLS	Empire	SP 89 B	SP 89 B	60	35.3	.65-.699	N					
4	HLS	Empire	SP 89 B	SP 89 B (Zia)	560	35.3	N/A	N					
4	HLS	Empire	SP 89 B	SP 89 B (Zia)	560	35.3	.50-.549	N					
4	HLS	Empire	SP 89 B	SP 89 B (Zia)	560	35.3	.55-.599	N					
4	HLS	Empire	SP 89 B	SP 89 B (Zia)	560	35.3	.60-.649	N					
4	HLS	Empire	SP 89 B	SP 89 B (Zia)	560	35.3	.65-.699	N					
5	HLS	Empire	WD 79 A	WD 79 A	120	36.6	N/A	N					
5	HLS	Empire	WD 79 A	WD 79 A	120	36.6	.50-.549	N					
5	HLS	Empire	WD 79 A	WD 79 A	120	36.6	.55-.599	N					
5	HLS	Empire	WD 79 A	WD 79 A	120	36.6	.60-.649	N					
5	HLS	Empire	WD 79 A	WD 79 A	120	36.6	.65-.699	N					
6	HLS	Empire	WD 109 A	WD 109 A	470	33.0	N/A	N					
6	HLS	Empire	WD 109 A	WD 109 A	470	33.0	.50-.549	N					
6	HLS	Empire	WD 109 A	WD 109 A	470	33.0	.55-.599	N					
6	HLS	Empire	WD 109 A	WD 109 A	470	33.0	.60-.649	N					
6	HLS	Empire	WD 109 A	WD 109 A	470	33.0	.65-.699	N					
7a	HLS	Empire	MP 69 (from MPOG via Delta P/L)	See Exhibit B	8,640	37.0	N/A	N					
7b	HLS	Empire	MP 69 (from MPOG via Cypress P/L)	See Exhibit B	8,640	37.2	N/A	N					
8	HLS	Empire	S.W. Pass 24	MC 194	760	30.3	N/A	Y					
9	HLS	Empire	MP 69 PS	MP 69 PS	670	39.2	N/A	Y					
10	HLS	Empire	WD 103i	WD 104 C	330	31.2	N/A	Y					
11	HLS	Empire	WD 90i	WD 90 A	230	31.6	N/A	Y					
12	HLS	Empire	WD 106i	WD 106 A	220	36.1	N/A	Y					
13	HLS	Empire	Grand Bay Rec. Stn.	Grand Bay Rec. Stn.	250	27.9	N/A	Y					
14	HLS	Empire	ST 26 A	ST 26 A	640	35.2	N/A	Y					
15	HLS	Empire	ST 72 B	ST 72 B	120	32.1	N/A	N					
16	HLS	Empire	ST 130 AUX	ST 130 AUX	160	32.3	N/A	Y					
17	HLS	Empire	SS 69 A	SS 69 A	160	32.7	N/A	Y					
18	HLS	Empire	Venice, LA (into Chevron Terminal)	WD 27 A	200	32.4	N/A	Y					
19	HLS	Empire	Venice, LA (into Chevron Terminal)	WD 117 G	200	36.8	N/A	Y					
20	HLS	Empire	Venice, LA (into Plains Terminal)	Venice, LA	200	34.2	N/A	Y					
21	HLS	Empire	SP 77 A	SP 77 A	1,090	33.1	N/A	Y					
22a	HLS	Empire	MC 109	MC 109	1,520	28.6	N/A	Y					
22a	HLS	Empire	Empire (from MC 109)	MC 109	1,520	28.6	N/A	N					
22b	HLS	Empire	SP 49 A	SP 49 A	440	31.6	N/A	Y					
22b	HLS	Empire	Empire (from SP 49 A)	SP 49 A	440	31.6	N/A	N					
23	LLS	St. James	SS 146 ssti	SS 154 E	435	30.0	0.35	Y					

Offer Pkg	Royalty Oil Type	Gulf Coast Market Center	Custody Transfer Point	Volume Metered At	Custody Transfer Point Volume (bbls/day)	Custody Transfer Point API Gravity	Custody Transfer Point Sulfur %	Quality Bank Included in Offer (Y/N)	Koch WTI + Platts P+ basis (offshore delivery point)	NYMEX + Daily Roll basis (offshore delivery point)	Koch WTI + Platts P+ basis (delivery at Market Center)	NYMEX + Daily Roll basis (delivery at Market Center)	Accept MMS' Transportation or Buy/Sell (Yes or No)
24a	LLS	St. James	SS 169 ssti	SS 182 C (Chevron)	520	29.9	0.31	Y					
24b	LLS	St. James	SS 169 ssti	SS 182 C (Apache)	250	29.8	0.31	Y					
25	LLS	St. James	SS 208 F	SS 209 A	635	33.8	0.41	Y					
26	LLS	St. James	SS 207 A	SS 207 A	360	35.1	0.39	Y					
27	LLS	St. James	SS 208 F	SS 266 A	525	38.3	0.40	Y					
28	LLS	St. James	ST 300 ssti	EW 826 A	150	25.3	0.31	Y					
29	LLS	St. James	ST 300 A	ST 300 A	1,200	41.1	0.31	Y					
30	LLS	St. James	SS 28 (entrance to Whitecap)	SM 268 A	590	36.5	0.09	Y					
31	LLS	St. James	SS 129 A	SS 129 A	120	37.2	0.17	Y					
32a	EI	St. James	GC 65 A	GC 65 A	2,300	30.4	1.73	N					
32b	Mars	Clovelly	GC 65 A	GC 65 A	2,300	30.4	1.73	N					
32c	Poseidon	Houma	GC 65 A	GC 65 A	2,300	30.4	1.73	N					
33a	Mars	Clovelly	GC 158 A	GC 158 A	2,060	33.0	1.12	N					
33b	Poseidon	Houma	GC 158 A	GC 158 A	2,060	33.0	1.12	N					
34a	Poseidon	Houma	SS 332 A (from GC 254 A, ST 316 & GC 608)	SS 332 A	7,300	31.8	1.15	N					
34b	SGC	Texas City, Pt. Neches	SS 332 A (from GC 254 A, ST 316 & GC 608)	SS 332 A	7,300	31.5	1.15	N					
34c	Poseidon	Houma	Houma (from GC 254 A, ST 316 & GC 608)	Houma	7,300	31.5	1.40	N					
34d	SGC	Texas City, Pt. Neches	Various CHOPS Delivery Points (from GC 254 A, ST 316 & GC 608)	Various CHOPS Delivery Locations	7,300	29.9	2.26	N					
35	EI	St. James	PL 13 ssti	PL 10 B	210	36.3	0.19	N					
36	EI	St. James	SM 128 A	SM 128 A	830	40.7	0.18	N					
37	EI	St. James	SS 181 B	SS 181 B	210	32.4	0.28	N					
38	EI	St. James	EW 989 ssti	GC 18 A	490	27.8	1.47	N					
39	EI	St. James	VR 386 B	VR 386 B	470	30.7	1.07	N					
40a	EI	St. James	EC 346 A	EC 346 A	920	29.5	0.94	N					Yes - See IFO
40b	EI	St. James	EC 346 A (Non-Incentive Rate)	EC 346 A	10	29.5	0.94	N					Yes - See IFO
41	EI	St. James	EI 327 ssti	EI 325 A	200	37.7	0.42	N					
42a	LLS	St. James	GB 128 A	GB 128 A (See Ex. B, Note 8)	175	54.3	N/A	Y					
42b1	Bonito	St. James	GB 128 A	GB 128 A (See Ex. B, Note 8)	3,800	36.7	0.94	N					
42b2	EI	St. James	GB 128 A	GB 128 A (See Ex. B, Note 8)	3,800	36.7	0.94	N					
43a	Bonito	St. James	GB 426 A	GB 426 A	7,100	31.5	1.34	N					
43b	EI	St. James	GB 426 A	GB 426 A	7,100	31.5	1.34	N					
44a	Bonito	St. James	SM 205 ssti	EI 397 A	500	41.4	0.53	N					
44b	EI	St. James	SM 205 ssti	EI 397 A	500	41.4	0.53	N					
45	Bonito	St. James	SS 28 A	EI 339 B	1,000	33.1	1.16	N					
46a	Bonito	St. James	EI 316 ssti	EI 361 A	250	36.6	0.79	N					
46b	Bonito	St. James	EI 316 ssti	EI 360 E	280	34.8	0.91	N					
47	Bonito	St. James	EI 330 ssti	EI 314 A	330	34.3	0.80	N					
48	Bonito	St. James	EI 337 A	EI 337 A	180	34.2	0.87	N					

Offer Pkg	Royalty Oil Type	Gulf Coast Market Center	Custody Transfer Point	Volume Metered At	Custody Transfer Point Royalty Volume (bbls/day)	Custody Transfer Point API Gravity	Custody Transfer Point Sulfur %	Quality Bank Included in Offer (Y/N)	Koch WTI + Platts P+ basis (offshore delivery point)	NYMEX + Daily Roll basis (offshore delivery point)	Koch WTI + Platts P+ basis (delivery at Market Center)	NYMEX + Daily Roll basis (delivery at Market Center)	Accept MMS' Transportation or Buy/Sell (Yes or No)
49	Bonito	St. James	EI 330 S	EI 330 S	1,150	29.4	1.20	N					
50	Mars	Clovelly	MC 807 A	MC 807 A	17,000	30.1	2.13	N					
51	Mars	Clovelly	MC 809 A	MC 809 A	15,200	32.4	2.04	N					
52	LLS	St. James	Johnson's Bayou, LA	Johnson's Bayou, LA	765	53.1	N/A	N					
53	HLS	Empire	Grand Isle EM Terminal Inlet	Grand Isle EM Terminal Inlet	3,265	See Ex. B, Note 9		Y					
54	HLS-SB	N/A	EC 321 A	EC 321 A	385	See Ex. B, Note 9		Y					
55	HLS-SB	N/A	EC 332 A	EC 332 A	100	See Ex. B, Note 9		Y					
56	HLS-SB	N/A	EC 338 A	EC 338 A	180	See Ex. B, Note 9		Y					
57	HLS-SB	N/A	EC 272 D	EC 272 D	150	See Ex. B, Note 9		Y					
58	HLS-SB	N/A	SM 40 ssti	SM 39 A	110	See Ex. B, Note 9		Y					
59	HLS-SB	N/A	SM 31 ssti	SM 27 A	240	See Ex. B, Note 9		Y					
60	HLS-SB	N/A	SM 69 B	SM 69 B	770	See Ex. B, Note 9		Y					
61	HLS-SB	N/A	VR 250 C	VR 250 C	100	See Ex. B, Note 9		Y					
62a	TXG	Texas City	GA 256 ssti	GA 209 B	630	33.9	N/A	N					
62b	TXG	Texas City	HIA 474 A	HIA 474 A	270	40.9	N/A	N					
63a	TXG	Texas City	EB 159 A	EB 159 A	250	40.2	N/A	N					
63b	TXG	Texas City	EB 160 A	EB 160 A	240	35.0	N/A	N					
63c	TXG	Texas City	HIA 536 C	HIA 536 C	125	34.1	N/A	N					
63d	TXG	Texas City	HIA 563 B	HIA 563 B	110	35.6	N/A	N					
63e	TXG	Texas City	HIA 582 C	HIA 582 C	1,700	41.7	N/A	N					
64a	TXG	Texas City	IP#4/SEG III (HIA 546 ssti)	HIA 376 A	155	36.2	N/A	N					
64b	TXG	Texas City	HIA 573 B	HIA 573 B	160	34.2	N/A	N					
64c	TXG	Texas City	HIA 595 C	HIA 595 C	500	32.7	N/A	N					
64d	TXG	Texas City	GB 189 A	WC 661 A	420	32.7	N/A	N					
65	HLS	Empire	MP 283 A	MP 283 A	320	44.9	N/A	Y					
66	HLS	Empire	MP 289 C	MP 289 C	230	27.3	N/A	N					
67	HLS	Empire	SP 65 A	SP 65 A	220	30.0	N/A	Y					
68	HLS	Empire	SP 62	VK 989 A	2,000	34.8	N/A	Y					
69	HLS	Empire	SP 62 Ai	VK 900 A	160	35.9	N/A	Y					
70	HLS	Empire	MP 311 A	MP 311 A	130	31.9	N/A	N					
71	HLS	Empire	MP 311 B	MP 311 B	220	23.8	N/A	N					
72	HLS	Empire	SP 62 A	SP 62 A	480	35.7	N/A	Y					
73	HLS	Empire	MP 70	MP 77 A	140	29.7	N/A	Y					

Your Name _____

Phone No. _____

Company Name _____

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Offer Pkg	Royalty Oil Type	Gulf Coast Market Center	Custody Transfer Point	Volume Metered at	MMS FMP No.	FMP Operator	Custody Transfer Point Royalty Volume (bbls/day)	API Gravity (Note 1)	Sulfur % (Note 1)	Pipelines	Common Carrier(s)	Buy/Sell
1	HLS	Empire	SP 86 C	SP 86 C	20177224601	Marathon Oil Co.	40	36.9	(Note 2)	• South Pass-West Delta System (Marathon P/L) into Chevron P/L or; • South Pass-West Delta System (Marathon P/L) into Chevron P/L	yes yes no yes	(Note 3) Multiple Co.
2	HLS	Empire	SP 87 D	SP 87 D	20177224602	Marathon Oil Co.	230	37.2	(Note 2)	• South Pass-West Delta System (Marathon P/L) into Chevron P/L or; • South Pass-West Delta System (Marathon P/L) into Chevron P/L	yes yes no yes	(Note 3) Multiple Co.
3	HLS	Empire	SP 89 B	SP 89 B	20177224600	Marathon Oil Co.	60	35.3	(Note 2)	• South Pass-West Delta System (Marathon P/L) into Chevron P/L or; • South Pass-West Delta System (Marathon P/L) into Chevron P/L	yes yes no yes	(Note 3) Multiple Co.
4	HLS	Empire	SP 89 B	SP 89 B (Zia)	20177224600	Marathon Oil Co. (Devon Energy for Zia)	560 (Note 4)	35.3	(Note 2)	• South Pass-West Delta System (Marathon P/L) into Chevron P/L or; • South Pass-West Delta System (Marathon P/L) into Chevron P/L	yes yes no yes	(Note 3) Multiple Co.
5	HLS	Empire	WD 79 A	WD 79 A	20177194600	SPN Resources	120	36.6	(Note 2)	• South Pass-West Delta System (Marathon P/L) into Chevron P/L or; • South Pass-West Delta System (Marathon P/L) into Chevron P/L	yes yes no yes	(Note 3) Multiple Co.
6	HLS	Empire	WD 109 A	WD 109 A	20177194602	Chevron Corp.	470	33.0	(Note 2)	Chevron P/L	yes	
Pipeline Total							1,480					
7	HLS	Empire	MP 69 (from MPOG)	VK 826 A VK 915 A MP 281 A VK 823 A MP 225 A	20608165111 20608165114 2017724511G 20608165115 2017724511C	Kerr-McGee BP Expl. and Prod. Dominion E & P Total E & P Dominion E & P	8,640 (Note 4)	37.2 37.0 (Note 6)	N/A N/A N/A N/A	Cypress P/L or Delta P/L (Note 5)	yes	
Pipeline Total							8,640					
8	HLS	Empire	S.W. Pass 24	MC 194	20608174850	Shell Offshore	760	30.3	N/A	Cognac P/L into Delta P/L	no yes	STUSCO
9	HLS	Empire	MP 69 PS	MP 69 PS	20177255111	SPN Resources	670	39.2	N/A	Delta P/L	no	STUSCO
Pipeline Total							1,430					
10	HLS	Empire	WD 103i	WD 104 C	20177193903	Apache Corp.	330	31.2	N/A	West Delta/Marlin P/L	no	STUSCO
11	HLS	Empire	WD 90i	WD 90 A	20177193906	Apache Corp.	230	31.6	N/A	West Delta/Marlin P/L	no	STUSCO
12	HLS	Empire	WD 106i	WD 106 A	20177193907	Walter O&G Corp.	220	36.1	N/A	Walter private line (no charge) into West Delta/Marlin P/L	no no	STUSCO
Pipeline Total							780					
13	HLS	Empire	Grand Bay Rec. Stn.	Grand Bay Rec. Stn.	20170755600	Apache Corp.	250	27.9	N/A	Chevron P/L	yes	
14	HLS	Empire	ST 26 A	ST 26 A	2017715360C	Energy Partners	640	35.2	N/A	Energy Partners P/L into Chevron P/L into Fourchon into Chevron P/L	yes yes	
15	HLS	Empire	ST 72 B	ST 72 B	2017715360F	Forest Oil Corp.	120	32.1	N/A	Chevron P/L into Fourchon into Chevron P/L	yes	
16	HLS	Empire	ST 130 AUX	ST 130 AUX	20177153604	Chevron Corp.	160	32.3	N/A	Chevron P/L into Fourchon into Chevron P/L	yes	
17	HLS	Empire	SS 69 A	SS 69 A	20177113600	Newfield	160	32.7	N/A	Chevron P/L into Fourchon into Chevron P/L	yes	
18	HLS	Empire	Venice, LA	WD 27 A	20177194300	Anglo-Suisse	200	32.4	N/A	Chevron P/L	yes	

Offer Pkg	Royalty Oil Type	Gulf Coast Market Center	Custody Transfer Point	Volume Metered at	MMS FMP No.	FMP Operator	Custody Transfer Point Royalty Volume (bbls/day)	API Gravity (Note 1)	Sulfur % (Note 1)	Pipelines	Common Carrier(s)	Buy/Sell
			(into Chevron Terminal)									
19	HLS	Empire	Venice, LA	WD 117 G	20177204300	Anglo-Suisse	200	36.8	N/A	Chevron P/L	yes	
			(into Chevron Terminal)									
20	HLS	Empire	Venice, LA	Venice, LA	20170755200	Noble Energy	200	34.2	N/A	Chevron P/L	yes	
			(into Plains Terminal)									
21	HLS	Empire	SP 77 A	SP 77 A	20177224701	Chevron Corp.	1,090	33.1	N/A	Chevron P/L	yes	
						Pipeline Total	3,020					
22a	HLS	Empire	MC 109 or Empire	MC 109	20608174952	BP Expl. and Prod.	1,520	28.6	N/A	SP 49 P/L into Delta P/L	yes	
							(Note 4)					
22b	HLS	Empire	SP 49 A or Empire	SP 49 A	20177214950	Pogo Producing	440	31.6	N/A	SP 49 P/L into Delta P/L	yes	
						Pipeline Total	1,960					
23	LLS	St. James	SS 146 ssti	SS 154 E	20177112606	Century Exploration	435	30.0	0.35	Whitecap P/L into Ship Shoal P/L	yes	
24a	LLS	St. James	SS 169 ssti	SS 182 C (ChevTex)	2017711260B	Chevron Corp.	520	29.9	0.31	Whitecap P/L into Ship Shoal P/L	yes	
24b	LLS	St. James	SS 169 ssti	SS 182 C (Apache)	2017711260X	Apache Corp.	250	29.8	0.31	Whitecap P/L into Ship Shoal P/L	yes	
25	LLS	St. James	SS 208 F	SS 209 A	2017711260G	Unocal	635	33.8	0.41	Whitecap P/L into Ship Shoal P/L	yes	
26	LLS	St. James	SS 207 A	SS 207 A	2017711260E	Apache Corp.	360	35.1	0.39	Chevron P/L into Whitecap P/L into Ship Shoal P/L	yes	
27	LLS	St. James	SS 208 F	SS 266 A	20177122608	Unocal	525	38.3	0.40	Unocal P/L into Whitecap P/L into Ship Shoal P/L	yes	
28	LLS	St. James	ST 300 ssti	EW 826 A	20608102601	BP Expl. and Prod.	150	25.3	0.31	Cougar P/L into Whitecap P/L into Ship Shoal P/L	yes	
29	LLS	St. James	ST 300 A	ST 300 A	20177162600	Shell Offshore Inc.	1,200	41.1	0.31	Cougar P/L into Whitecap P/L into Ship Shoal P/L	yes	
30	LLS	St. James	SS 28 (Entrance to Whitecap)	SM 268 A	20177072602	Apache Corp.	590	36.5	0.09	Seagate P/L into Whitecap P/L into Ship Shoal P/L	no yes	Seagate
31	LLS	St. James	SS 129 A	SS 129 A	21177112600	Apache Corp.	120	37.2	0.17	Bayou City P/L into Whitecap P/L into Ship Shoal P/L	no yes	Bayou City
						Pipeline Total	4,785					
32a	El or	St. James or	GC 65 A	GC 65 A	20608117000	Shell Offshore	2,300	30.4	1.73	• Amberjack P/L or;	yes	
32b	Mars or	Clovelly or					(Note 4)			• Amberjack P/L into Boxer P/L into EIPL into	yes	
32c	Poseidon	Houma								Shell's S. LA Sys. or;	yes	
										• Shell 12" into Boxer P/L (except Angus) into	no	Shell Offshore
										EIPL into Shell's S. LA Sys. or;	yes	
										• Shell 12" P/L (except Angus) into	no	Shell Offshore
										Shell Trading 12" P/L into	no	STUSCO
										Poseidon P/L	no	Poseidon
						Pipeline Total	2,300					
33a	Mars or	Clovelly	GC 158 A	GC 158 A	20608113652	Shell Offshore	2,060	33.0	1.12	• Brutus P/L into Amberjack P/L into Mars Oil P/L or;	yes	
							(Note 4)			• Brutus P/L into SS301 to SS332 into	yes	
33b	Poseidon	Houma	GC 158 A	GC 158 A						Poseidon P/L; Delivery at Houma	no	Poseidon
						Pipeline Total	2,060					

Offer Pkg	Royalty Oil Type	Gulf Coast Market Center	Custody Transfer Point	Volume Metered at	MMS FMP No.	FMP Operator	Custody Transfer Point Royalty Volume (bbls/day)	API Gravity (Note 1)	Sulfur % (Note 1)	Pipelines	Common Carrier(s)	Buy/Sell
34a	Poseidon	Houma	SS 332 or	GC 254 A	2060811295	ENI Petroleum	1,450	31.8	1.15	• (Manta Ray Gathering) into Poseidon PL or;	no	Poseidon
34b	SGC	Texas City or Pt. Neches	SS 332 or				(Note 4)			• (Manta Ray Gathering) into Cameron Highway PL	no	Cameron Highway
34c	Poseidon	Houma	Houma or									
34d	SGC	Texas City or Pt. Neches	Various CHOPS terminals									
34a	Poseidon	Houma	SS 332 or	ST 316 A	20177162950	Kerr-McGee	2,250	35.5	0.50	• (Manta Ray Gathering) into Poseidon PL or;	no	Poseidon
34b	SGC	Texas City or Pt. Neches	SS 332 or							• (Manta Ray Gathering) into Cameron Highway PL	no	Cameron Highway
34c	Poseidon	Houma	Houma or									
34d	SGC	Texas City or Pt. Neches	Various CHOPS terminals									
34a	Poseidon	Houma	SS 332 or	GC 608 A	20608112957	ENI Petroleum	3,600	30.0	2.00	• (Manta Ray Gathering) into Poseidon PL or;	no	Poseidon
34b	SGC	Texas City or Pt. Neches	SS 332 or				(Note 4 and 7)			• (Manta Ray Gathering) into Cameron Highway PL	no	Cameron Highway
34c	Poseidon	Houma	Houma or									
34d	SGC	Texas City or Pt. Neches	Various CHOPS terminals									
						Pipeline Total	7,300					
35	EI	St. James	PL 13 ssti	PL 10 B	20177132950	Apache Corp.	210	36.3	0.19	Eugene Island P/L System into Shell's South Louisiana System	yes yes	
36	EI	St. James	SM 128 A	SM 128 A	20177082951	Devon Energy	830	40.7	0.18	Eugene Island P/L into Shell's South Louisiana System	yes yes	
37	EI	St. James	SS 181 B	SS 181 B	20177112951	Chevron Corp.	210	32.4	0.28	Shell P/L into Eugene Island P/L into Shell's South Louisiana System	yes yes	
38	EI	St. James	EW 989 ssti	GC 18 A	20608112950	ExxonMobil	490	27.8	1.47	Boxer P/L into Eugene Island P/L into Shell's South Louisiana System	yes yes	
						Pipeline Total	1,740					
39	EI	St. James	VR 386 B	VR 386 B	20177062954	Houston Exploration	470	30.7	1.07	Marathon P/L into Eugene Island P/L (Marathon capacity) into Shell's South Louisiana System	yes yes yes	(Note 3)
40a	EI	St. James	EC 346 A	EC 346 A	20177042950	Remington Oil and Gas	920	29.5	0.94	Marathon P/L into Eugene Island P/L (Marathon capacity) into Shell's South Louisiana System	yes yes yes	(Note 3)
40b	EI	St. James	EC 346 A(Non-Incentive Rate) (production from EC 345/360)	EC 346 A	20177042950	Remington Oil and Gas	10	29.5	0.94	Marathon P/L into Eugene Island P/L (Marathon capacity) into Shell's South Louisiana System	yes yes yes	
41	EI	St. James	EI 327 ssti	EI 325 A	20177102952	Forest Oil Corp.	200	37.7	0.42	Marathon P/L into Eugene Island P/L (Marathon capacity) into Shell's South Louisiana System	yes yes yes	
						Pipeline Total	1,600					
42a	LLS	St. James	GB 128 A	GB 128 A	20608072601	Shell Offshore (Note 8)	175	54.3	N/A	Central Gulf Gathering System into Tarpon P/L into Ship Shoal P/L	no yes	STUSCO
42b1	Bonito or	St. James	GB 128 A	GB 128 A	20608077000	Shell Offshore (Note 8)	3,800	36.7	0.94	• Auger P/L into Ship Shoal P/L or; • Auger P/L into Bonito P/L into Ship Shoal P/L or;	yes yes	
42b2	EI	St. James								• Auger P/L into Eugene Island P/L into Shell's South Louisiana System	yes yes	
						Pipeline Total	3,975					
43a	Bonito or	St. James	GB 426 A	GB 426 A	20608072600	Shell Offshore Inc.	7,100 (Note 4)	31.5	1.34	• Auger P/L into Ship Shoal P/L or; • Auger P/L into Bonito P/L into Ship Shoal P/L or;	yes yes	
43b	EI	St. James								• Auger P/L into Eugene Island P/L into Ship Shoal P/L	yes	

Offer Pkg	Royalty Oil Type	Gulf Coast Market Center	Custody Transfer Point	Volume Metered at	MMS FMP No.	FMP Operator	Custody Transfer Point Royalty Volume (bbls/day)	API Gravity (Note 1)	Sulfur % (Note 1)	Pipelines	Common Carrier(s)	Buy/Sell
44a	Bonito	St. James	SM 205 ssti	EI 397 A	2017710260P	W & T Offshore	500	41.4	.53	• Auger P/L into Ship Shoal P/L or;	yes	
	or						(Note 4)			• Auger P/L into Bonito P/L into Ship Shoal P/L or;	yes	
44b	EI	St. James								• Auger P/L into Eugene Island P/L into Ship Shoal P/L	yes	
						Pipeline Total	7,600					
45	Bonito	St. James	SS 28	EI 339 B	20177102609	Chevron Corp.	1,000	33.1	1.16	Bonito P/L into Ship Shoal P/L	yes	
46a	Bonito	St. James	EI 316 ssti	EI 361 A	2017710260J	Chevron Corp.	250	36.6	0.79	Bonito P/L into Ship Shoal P/L	yes	
46b	Bonito	St. James	EI 316 ssti	EI 360 E	2017710260K	Chevron Corp.	280	34.8	0.91	Bonito P/L into Ship Shoal P/L	yes	
47	Bonito	St. James	EI 330 ssti	EI 314 A	20177102605	ExxonMobil	330	34.3	0.80	Bonito P/L into Ship Shoal P/L	yes	
48	Bonito	St. James	EI 337 A	EI 337 A	2017710260B	Devon Energy	180	34.2	0.87	Bonito P/L into Ship Shoal P/L	yes	
49	Bonito	St. James	EI 330 S	EI 330 S	20177102607	Devon Energy	1,150	29.4	1.20	Bonito P/L into Ship Shoal P/L	yes	
						Pipeline Total	3,190					
50	Mars	Clovelly	MC 807 A	MC 807 A	20608173650	Shell Offshore	17,000	30.1	2.13	Mars Oil P/L	yes	
51	Mars	Clovelly	MC 809 A	MC 809 A	20608173651	Shell Offshore	15,200	32.4	2.04	Ursa P/L into Mars Oil P/L	yes	
						Pipeline Total	32,200					
52	LLS	St. James	Johnson's Bayou, LA	Johnson's Bayou, LA	20170230450	Devon Energy	765	53.1	N/A	Title transfer at Johnson's Bayou. Purchaser to ship into Sabine Pass, then to barge, etc.	yes	
						Pipeline Total	765					
53	HLS	Empire	Grand Isle EM Terminal Inlet	Grand Isle EM Terminal Inlet	20170513700	ExxonMobil	3,265	31.2	N/A	• ExxonMobil P/L to St. James or;	yes	
										• Chevron P/L to Empire	yes	
						Pipeline Total	3,265	(Note 9)	(Note 9)			
54	HLS-SB	N/A	EC 321 A	EC 321 A	20177042202	Marathon Oil Co.	385	32.8	1.21	Marathon P/L into ExxonMobil P/L into ExxonMobil S. LA System	yes	
											yes	
55	HLS-SB	N/A	EC 332 A	EC 332 A	20177042208	Noble Energy	100	42.7	0.32	Noble private line (no charge) into Marathon P/L into ExxonMobil P/L into	no	
											yes	
56	HLS-SB	N/A	EC 338 A	EC 338 A	20177042205	W&T Offshore	180	40.5	0.49	Marathon P/L into ExxonMobil P/L into ExxonMobil S. LA System	yes	
											yes	
57	HLS-SB	N/A	EC 272 D	EC 272 D	20177042201	Chevron Corp.	150	31.5	0.50	ExxonMobil P/L into ExxonMobil S. LA System	yes	
58	HLS-SB	N/A	SM 40 ssti	SM 39 A	20177072207	Kerr-McGee	110	36.5	0.14	ExxonMobil P/L into ExxonMobil S. LA System	yes	
59	HLS-SB	N/A	SM 31 ssti	SM 27 A	20177072208	Taylor Energy Co.	240	38.2	0.08	ExxonMobil P/L into ExxonMobil S. LA System	yes	
60	HLS-SB	N/A	SM 69 B	SM 69 B	20177072206	Taylor Energy Co.	770	35.0	0.27	ExxonMobil P/L into ExxonMobil S. LA System	yes	
61	HLS-SB	N/A	VR 250 C	VR 250 C	20177052203	EI Paso Production	100	34.5	0.16	ExxonMobil P/L into ExxonMobil S. LA System	yes	
						Pipeline Total	2,035	(Note 9)	(Note 9)			
62a	TXG	Texas City	Segment I (GA 256 ssti)	GA 209 B	20427060150	ExxonMobil	630	33.9	N/A	HIPS P/L	yes	
62b	TXG	Texas City	HIA 474 A	HIA 474 A	20427090153	Newfield Exploration	270	40.9	N/A	HIPS P/L	yes	
						Pipeline Total	900					

Offer Pkg	Royalty Oil Type	Gulf Coast Market Center	Custody Transfer Point	Volume Metered at	MMS FMP No.	FMP Operator	Custody Transfer Point Royalty Volume (bbls/day)	API Gravity (Note 1)	Sulfur % (Note 1)	Pipelines	Common Carrier(s)	Buy/Sell
63a	TXG	Texas City	EB 159 A	EB 159 A	20608040150	Unocal	250	40.2	N/A	HIPS P/L	yes	
63b	TXG	Texas City	EB 160 A	EB 160 A	20608040151	Unocal	240	35.0	N/A	HIPS P/L	yes	
63c	TXG	Texas City	HIA 536 C	HIA 536 C	20427090155	Newfield Exploration	125	34.1	N/A	HIPS P/L	yes	
63d	TXG	Texas City	HIA 563 B	HIA 563 B	20427090158	Chevron Corp.	110	35.6	N/A	HIPS P/L	yes	
63e	TXG	Texas City	HIA 582 C	HIA 582 C	2042709015E	Chevron Corp.	1,700	41.7	N/A	HIPS P/L	yes	
						Pipeline Total	2,425					
64a	TXG	Texas City	IP#4/SEG III (HIA 546 ssti)	HIA 376 A	20427110152	Apache Corp.	155	36.2	N/A	HIPS P/L	yes	
64b	TXG	Texas City	HIA 573 B	HIA 573 B	2042709015B	Apache Corp.	160	34.2	N/A	HIPS P/L	yes	
64c	TXG	Texas City	HIA 595 C	HIA 595 C	2042709015C	Apache Corp.	500	32.7	N/A	HIPS P/L	yes	
64d	TXG	Texas City	GB 189 A	WC 661 A	20177020150	Tarpon Offshore	420	32.7	N/A	HIPS P/L	yes	
						Pipeline Total	1,235					
65	HLS	Empire	MP 283 A	MP 283 A	2017724511H	ExxonMobil	320	44.9	N/A	Petronius P/L into Odyssey P/L into	no no	STUSCO STUSCO
66	HLS	Empire	MP 289 C	MP 289 C	20177245118	Apache Corp.	230	27.3	N/A	Odyssey P/L into	no	STUSCO
						Pipeline Total	550					
67	HLS	Empire	SP 65 A or Empire	SP 65 A	20177215102	Devon Energy Corp.	220	30.0	N/A	(Devon private line into) Pompano P/L into Delta P/L	no no yes	N/A STUSCO
68	HLS	Empire	SP 62 or Empire	VK 989 A	20608165102	BP Expl. and Prod.	2,000	34.8	N/A	Pompano P/L into Delta P/L	no yes	STUSCO
69	HLS	Empire	SP 62 Ai or Empire	VK 900 A	20608165101	Chevron Corp.	160	35.9	N/A	Pompano P/L into Delta P/L	no yes	STUSCO
70	HLS	Empire	MP 311 A or Empire	MP 311 A	20177245100	GOM Shelf LLC	130	31.9	N/A	Pompano P/L into Delta P/L	no yes	STUSCO
71	HLS	Empire	MP 311 B or Empire	MP 311 B	20177245101	GOM Shelf LLC	220	23.8	N/A	Pompano P/L into Delta P/L	no yes	STUSCO
72	HLS	Empire	SP 62 A or Empire	SP 62 A	20177215100	Apache Corp.	480	35.7	N/A	Pompano P/L into Delta P/L	no yes	STUSCO
73	HLS	Empire	MP 70 or Empire	MP 77 A	20177255102	Chevron Corp.	140	29.7	N/A	Chevron Corp. private line (no charge) into Pompano P/L into Delta P/L	no no yes	N/A STUSCO
						Pipeline Total	3,350					
						Grand Total	98,585					

Pipeline and Buy/Sell Contacts:

- Bayou City: Joe Chauvin (713-881-3680)
- Cameron Highway: Wynne Harvey (832- 676-1572)
- Poseidon: James Hostetler (303-820-0846)
- Seagate: Johnny Dobecka (713-296-6639)
- Shell Offshore: Mike Faulise (713-230-1967)
- STUSCO: Brett Jones (713-230-1944)

Offer Pkg	Royalty Oil Type	Gulf Coast Market Center	Custody Transfer Point	Volume Metered at	MMS FMP No.	FMP Operator	Custody Transfer Point Royalty Volume (bbls/day)	API Gravity (Note 1)	Sulfur % (Note 1)	Pipelines	Common Carrier(s)	Buy/Sell
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- FMP: Facility Measurement Point
 - N/A: Not Applicable
- Note 1: Gravity and Sulfur contents are not warranted and are measured at the FMP unless otherwise noted.
- Note 2: Packages 1-6 may be required to lower the sulfur content of the crude and if so offeror would be charged a buy/sell rate from the Plains Terminal. This rate is based on the sulfur content range as represented in Exhibit A.
- Note 3: Reserve Commitment Program for Marathon's tariff, see Exhibit C.
- Note 4: FMP contains a lease in Royalty Relief status whose volume will not be included in deliveries to purchaser.
- Note 5: Offers should be given for both flow down the Cypress Pipeline and the Delta Pipeline. At the time of issuance of this IFO, flow from MPOG at MP69, was 70 percent down the Cypress Pipeline and 30 percent down the Delta Pipeline, for shippers wanting to ship down Cypress P/L. MPOG volumes may vary due to the new Swordfish property behind VK 826.
- Note 6: The first gravity listed is the average commingled MPOG gravity entering Delta P/L for March-May, 2005. The second is the average commingled gravity entering Cypress P/L for March-May 2005. Both are measured at MP 69.
- Note 7: Volume, gravity, and sulfur may vary significantly due to new production.
- Note 8: Offers required on both FMPs as they will be awarded to one purchaser.
- Note 9: For crude type HLS at Grand Isle and HLS-SB, offerors will pass back only the first receipt bank at the custody transfer point and therefore this quality bank should not be included in your offer. All other quality banks downstream of the receipt point should be included in your offer.

Marathon Pipe Line LLC
Incentive Rates

Exhibit C

Marathon Contacts:

Ted Skinner (713-296-3719) for South Pass-West Delta Pipeline System properties

Bruce Norcini (713-296-3738) for Eugene Island Pipeline System properties

Offer Pkg	Custody Transfer Point	Pipeline System	Incentive Program Rate	FERC Number
1	SP 86 C	South Pass-West Delta	\$0.85	32
2	SP 87 D	South Pass-West Delta	\$0.85	32
3	SP 89 B	South Pass-West Delta	\$0.85	32
4	SP 89 B (Zia)	South Pass-West Delta	\$0.45	54
5	WD 79 A	South Pass-West Delta	\$0.45	33
39	VR 386 B	Eugene Island	\$1.27	69
40a	EC 346 A	Eugene Island	* \$1.27	69

Note: Line loss based on actuals.

* Rate is only from EC 346 production. Production from EC 345/360 will be at non-incentive rate.

MMS/MRM/RIK
Mail Stop 330B2

Exhibit D

, 2005

(Address)

Dear (Title, Name):

The Minerals Management Service (MMS) selected one or more offshore Federal leases in the Gulf of Mexico (GOM), that you operate or are a working interest owner of, to be included in a Royalty In-Kind (RIK) program where we will take crude oil and condensate royalty production in-kind beginning October 1, 2005. This letter supersedes previous operator letters you received regarding oil royalties taken in-kind and is effective the first day of deliveries.

This letter provides the procedures and establishes the terms and conditions under which the United States (Lessor) will take crude oil royalties in-kind. Our authority is the Outer Continental Shelf Lands Act of 1953 (43 U.S.C. § 1353) and the royalty provisions contained in your Federal lease. For the purposes of this letter, royalty oil means the Federal lease oil and condensate production multiplied by the lease royalty rate. The volumes of royalty oil taken in-kind by the Lessor will reflect and be consistent with all grants of royalty relief.

Term

The Lessor will take all royalty oil in-kind from your properties flowing to the Facility Measurement Point(s) (FMP) listed in Enclosure 1, beginning October 1, 2005, and will continue taking royalties in-kind until we notify you that the in-kind status is terminated. We will provide Lessees and Operators with at least a 45-day prior written notice when terminating the in-kind status.

Royalty Oil Delivery

The delivery points for royalty oil produced from the properties are at the FMP or first interconnect into a main pipeline, as identified in Enclosure 1, which lists the properties approved to flow to the FMPs. It is your responsibility to ensure that royalty production from any of your properties that is actually flowing to the designated FMP on any given month will be delivered in-kind to the Lessor or our designee, with the exception of leases in royalty relief status, section 6 leases (unless otherwise noted), state leases, or net profit share leases. The Lessor or designee will take custody and responsibility for royalty oil at the delivery point.

You can be reimbursed for transportation and quality bank debits and/or quality differentials associated with royalty oil delivery to points identified in Enclosure 1 that are downstream of the FMP in accordance with the applicable MMS regulations. In addition, you must pay MMS for any quality bank credits received associated with royalty oil delivery to points identified in Enclosure 1 that are downstream of the FMP in accordance with the applicable MMS regulations. If gathering upstream of the FMP is approved by MMS, you may take this deduction, as well as other related fees, on the Report of Sales and Royalty Remittance (Form MMS-2014). You will be required to report quality bank debits and credits for properties where

the quality bank is passed back to the operator/producer or where a quality differential exists on a pipeline where there is not an instituted quality bank, as allowed in applicable MMS regulations. Please use the applicable GravCap tables to calculate the quality differential on pipelines where there is not an instituted quality bank.

Royalty oil must be placed in marketable condition at no cost to the Lessor. Marketable condition means the condition generally acceptable to purchasers in the field or area. Questions on marketable condition should be directed to the Lessor's points of contact identified in this letter.

You must deliver all royalty oil from the selected leases, including royalty oil from newly producing wells on these leases. During the in-kind period, you will make your best effort to notify the Lessor's designated point of contact of new oil production flowing to the FMP identified in Enclosure 1. Royalty oil from such new properties may be added to the RIK volumes at the existing delivery points by the Lessor.

Fulfillment of Royalty Obligations

Delivering the accurate volume of royalty oil (taking into account the effects of normal operational imbalances) in accordance with the terms of this letter will satisfy in full the Lessee's royalty obligation to the Lessor.

For properties where the Lessee has applied for deepwater royalty relief, you may use the proposed royalty rate in the interim before MMS/Offshore Minerals Management (OMM) approves the reduction. If OMM does not approve the royalty rate reduction, the resulting imbalance will be resolved in the same manner as described below for imbalances not remedied within 90 days (see "Balancing Account and Imbalances.")

All rent or minimum royalty obligations remain the responsibility of the Lessee. If the Lessee owes minimum royalties, the Lessor will issue a bill including information supporting the calculation. The Lessee will have 30 days to review the bill and make payment or appeal the bill.

Lessor's Obligation to Take

We agree to take 100 percent of the royalty oil delivered to the delivery point for the account of the Lessor. We will try to minimize imbalances with you and the Lessees using reasonable and customary industry practices.

To facilitate timely and accurate custody transfer of royalty oil, we will communicate with you regarding arrangements to transfer the royalty oil from the delivery point. The Lessee will not incur royalty-related penalties because of the Lessor's failure to take delivery of oil volumes as communicated by the Operator.

Communication with Lessor

You must notify the Lessor in writing via facsimile (303-231-3846) or e-mail addressed to our mailbox (rik.project@mms.gov) of the daily royalty oil volumes (Avails) anticipated for the following month of production by the dates shown in Enclosure 2 for each of the properties identified in Enclosure 1. On this same schedule, for each of the properties, you will also provide any anticipated volume adjustments to resolve previous months' imbalances. The total volumes to be delivered to our purchaser at each of the

delivery points must be indicated as a volume net of anticipated production plus or minus any adjustments. The Lessor understands that any such estimates are not warranties of actual deliveries but are provided to facilitate planning.

You must use reasonable efforts, consistent with industry practice, to inform the Lessor as soon as practical regarding significant changes to the information listed in Enclosure 1; for example, oil production levels, oil type, and/or royalty rates for the RIK contract properties, as well as if the property was sold and to whom it was sold.

Volume Reconciliation

You must provide the pipeline with the volume allocation for MMS' royalty oil separately from other take in-kind owners.

You must send all volume allocation schedules provided to pipeline companies that address royalty oil volumes at the delivery points in Enclosure 1 to MMS at the same time they are submitted to the pipeline companies.

You must provide the lease imbalance statement to MMS no later than 45 days after the end of the month of production, unless MMS approves an alternative timeframe for submitting the statement. We will monitor and reconcile royalty entitlements with the royalty oil deliveries you make. Reconciliation will involve communication between you and MMS. Upon project termination, you as the Operator, must issue a final oil imbalance statement. You will settle in accordance with the section "Balancing Account and Imbalances." Volume allocation schedules and lease imbalance statements must be submitted to the rik.project@mms.gov mailbox.

Operator Assignments

For leases which are being taken in-kind and which you are assigning to another operator, you will make the best reasonable effort to notify one of the Lessor's Points of Contact - New Lease Production listed below. In addition, any ending imbalance existing at the effective date of the assignment will be cashed out as described under "Balancing Account and Imbalances."

Balancing Account and Imbalances

You and MMS will jointly monitor imbalances between delivered and entitled volumes of royalty oil. You will take timely action to remedy such imbalances by adjusting the royalty oil volumes delivered to MMS. Such volume adjustments will be identified in your communication of royalty oil volumes anticipated before the month of production (see above under "Communication with Lessor.")

Imbalances will be remedied in the production month following the month that the imbalance is identified. Imbalances not remedied within 90 days of the end of the production month will be resolved as follows:

- Mutually agreed upon make-up delivery schedule.

- Cash out payment based on the contract price (at the delivery point) that MMS actually received (or would have received) from its Purchaser during the month or months that the imbalance occurred. Interest will accrue from 60 days after notification that cash out payment is due.

When the lease is no longer taken in-kind or after cessation of production from a lease, imbalances will be cashed out based on the MMS contract price (at the delivery point) for the last month the lease is taken in-kind. Interest will accrue starting 60 days after the final month of delivery. Imbalances remaining at the time of any sale/assignment of properties identified in Enclosure 1 will be settled in compliance with your Purchase and Sale Agreement assignments.

Reporting

You must continue to report crude oil production on the Oil and Gas Operations Report (OGOR). You must also report transportation allowances and quality bank debits/credits on the Form MMS-2014 for any royalty volumes that are delivered downstream of the FMP or where the quality bank is passed back to the operator/producer under requirements specified in the MMS regulations and the MMS *Minerals Revenue Reporter Handbook*, please see our website at <http://www.mrm.mms.gov/ReportingServices/PDFDocs/RevenueHandbook.pdf>.

You will not be required to report royalties for the RIK properties listed in Enclosure 1 on the Form MMS-2014 for the term during which the Lessor takes royalty in-kind, with the exception of properties noted as royalty relief, section 6 (unless being taken in-kind), net profit share, and any retrograde or free condensate not delivered to the Lessor. You must continue to report these properties on the Form MMS-2014 per the MMS regulations. Reporting does not change for non-RIK leases.

Lessor's Designee

The Lessor may act by or through a duly authorized designee. Enclosure 1 provides MMS' designee at each custody transfer point. The designee will agree in writing to comply with all provisions of this letter that are applicable to the Lessor when the designee acts on our behalf. You are allowed, but not required, to direct communications to our designee. You are required to direct communications to us. We will provide written notification when the designee changes or is no longer authorized to act on our behalf for the purposes of this letter.

Audit

The Lessor may audit your records regarding all information relevant to volumes and qualities of royalty oil produced, measured, delivered, and if applicable, transported. We reserve the right to examine your financial records for the subject properties related to any transportation allowances and quality banks prior to the delivery point.

Lessees, Operators, and revenue payors must maintain all records of transactions mentioned in the above paragraph in accordance with the Federal Oil and Gas Royalty Simplification and Fairness Act of 1996 (Public Law 104-185 Section 115(f)).

Lessor's Point of Contact

Copies of all correspondence between the Operator and Lessor should be kept on file by the Operator.

Points of contact for the Lessor are listed below:

- Volume Avails (Anticipated Volumes), Volume Allocation Schedules, and Operator Imbalance Statements:

Ms. Bernie Muniz

Telephone: 303-231-3854; Fax: 303-231-3846

E-mail: Bernadette.Muniz@mms.gov

- New Lease Production:

Ms. Crystel Edler (BON, POS, EI, MARS, SGC)

Telephone: 303-231-3126; Fax: 303-231-3846

E-mail: Crystel.Edler@mms.gov or

Mr. Richard Fantel (HLS)

Telephone: 303-231-3502; Fax: 303-231-3846

E-mail: Richard.Fantel@mms.gov or

Ms. Donna Hogan (LLS & TXG)

Telephone: 303-231-3148; Fax: 303-231-3846

E-Mail: Donna.Hogan@mms.gov or

Mr. Allen Vigil (LLS, HLS-SB & HOOPS)

Telephone: 303-231-3098; Fax: 303-231-3846

E-Mail: Allen.Vigil@mms.gov

- Electronic Funds Transfer:

Mr. Joe Romero

Telephone: 303-231-3123; Fax: 303-231-3501

E-mail: Joseph.Romero@mms.gov

- Marketable Condition Questions:

Mr. Roman Geissel

Telephone: 303-231-3226; Fax: 303-231-3473

E-mail: Roman.Geissel@mms.gov

We acknowledge that you and the Lessees have given proper notice when using the telephone number or fax number provided to communicate with us. Any telephone communication regarding volumes must be confirmed by fax or e-mail no later than 1 business day after telephone communication occurs. We further agree to make arrangements to receive such communications regarding oil scheduling issues during normal business hours. You and the Lessees should communicate with one of the points of contact to answer any further questions.

The Paperwork Reduction Act

The OMB Control Number for this Dear Operator Letter is 1010-0126 with an expiration date of June 30, 2006. The PRA (44 U.S.C. 3501 et seq.) requires us to inform you that we collect this information to document fulfillment of royalty obligations on minerals removed from Federal lands. The MMS uses the information to maintain and audit lease accounts. Responses are mandatory (43 U.S.C. 1334). Proprietary information is protected in accordance with standards established by the Federal Oil and Gas Royalty Management Act of 1982 (30 U.S.C. 1733), the Freedom of Information Act (5 U.S.C. 552(1), (4)), and the Department regulations (43 CFR 2). An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a currently valid OMB Control Number. Public reporting burden for this form is estimated to average one hour per response, including the time for reviewing instructions, gathering and maintaining data, and completing and reviewing the form. Direct comments regarding the burden estimate or any other aspect of this form to the Information Collection Clearance Officer, Minerals Management Service, Mail Stop 4230, 1849 C Street, NW., Washington, DC 20240.

Sincerely,

Pamela Rieger
Deputy Program Manager
for Royalty In-Kind

2 Enclosures